529s Did you know?

LearningQuest®
529 Education Savings Program

Keys to Investing for Education

Early on…

- Open a 529 Plan when your child is born to set aside funds, which grow tax-free, for education. You can start with as little as $25, or make convenient contributions through payroll deduction or recurring contributions.
- Make sure you're contributing enough through your 529 Plan to meet your goals.
- Understand the value of compounding interest. Apathy is your biggest obstacle to success. It makes a substantial difference to start contributing early.

As your child grows…

- Re-evaluate your plan and goals for saving. Make changes, if needed, to stay on track.
- Keep in mind: It's not too late if you have not started saving yet.
- Let family and friends know that gifting to a 529 Plan is an easy way to make a substantial difference. Giving via Ugift® is secure and hassle-free. Simply get a Ugift® code to share anytime or create a Ugift® invitation for a special occasion, such as your child's birthday.

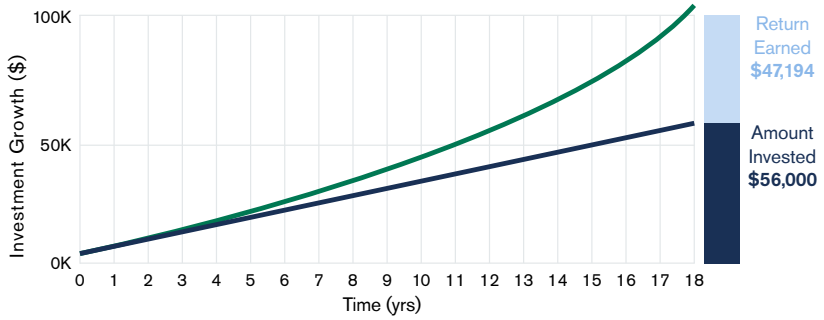
As your child heads to college…

- Match up 529 Plan expenses and withdrawals in the same tax year.
- Understand 529 qualified withdrawals are exempt from federal income tax.
- Take advantage of education tax credits, such as the Lifetime Learning Credit. Remember, though, it's against the rules to double dip on tax benefits for the same higher education expense.

The availability of tax or other state benefits (such as financial aid, scholarship funds and protection from creditors) may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors.

Benefits of Planning Now

Starting early and investing regularly puts you in control, and allows you to take advantage of the power of compounding. Thus, helping to minimize your reliance on loans in the future.



Assumes: Initial investment of $2,000, monthly investment of $250, 6% return rate, and saving for 18 years.

Qualified 529 Expenses:

- Tuition
- Room and board
- Books
- Supplies
- Computers
- Internet access
- Computer software *(excluding gaming)*
- Off-campus rent and grocery bills *(not exceeding the school's allowance for room and board)*
- K-12 Tuition

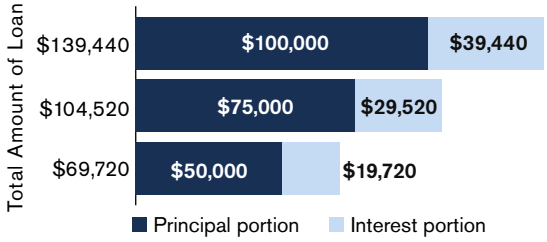
Do The Math:

See the difference a plan can make on out-of-pocket expenses.

$139,440 Total out-of-pocket using loans
- $56,000 Total out-of-pocket with a college savings plan

$83,440 Out-of-pocket difference

Cost of Loans



The examples are for illustrative purposes only and do not represent any particular type of loan. The loan is based on an interest rate of 7% and assumes it is paid off in 10 years. The calculations do not include inflation or any fees associated with the loan. Your results will be different and will depend on the type of loan.

Do 529 Plans Have Benefits Beyond College Savings?

In short, YES! Here's why:

State Income Tax Deduction

Kansas taxpayers receive an annual adjusted gross income state income tax deduction of up to $3,000 ($6,000 if married and filing jointly) for contributions per beneficiary, per year.

Estate Planning and Gift-Tax Benefits

Estate Planning – By making a contribution to a beneficiary's 529 Plan, you remove that asset from your estate but you haven't yet given up control. This is an excellent benefit compared to normal giving options.

Gift-Tax Benefits – Your contribution qualifies for the $15,000 individual or $30,000 joint filer, which means you can make large contributions without incurring taxes. If your 529 contribution is between $15,000 to $75,000 individual or $30,000 to $150,000 joint filer, you can treat the contribution as made over a five-year period for gift tax purposes. This enables a large, one-time gift while maximizing the benefits of the annual gift tax limitations.

In other words, "accelerated gifting" lets you make up to five years' worth of gifts to a 529 account in a single year without being subject to gift taxes. This benefit is unique to 529 Plans.

No additional gifts can be made to that beneficiary over the next four years after the year in which the one-time gift is made.

If the donor of an accelerated gift dies within the five-year period, a portion of the transferred amount will be included in the donor's estate for estate tax purposes. Consult with tax advisor regarding your specific situation.

Common 529 Plan Myths Debunked

MYTH: A 529 Plan can only be used at schools in your home state.

FACT: You can use the assets at any eligible institution* around the country and abroad. This includes 2- and 4-year colleges, graduate schools (including law and medical) and vocational/technical schools. K-12 tuition expenses also are included.

MYTH: You have to make a lot of investment decisions.

FACT: Whether you prefer a one-step or do-it-yourself strategy, 529 Plans offer several investment types to meet your needs. The one-step strategy is an age-based option where the investment becomes more conservative as your child gets closer to college age. The do-it-yourself strategy offers a range of individual portfolios that allow you to create your own investment plan.

MYTH: Only a parent can be an account owner.

FACT: Parents, grandparents, aunts, uncles and friends (almost anyone) are all eligible to open a 529 Plan. You can also open an account for your own education.

MYTH: It's too late to start a 529 Plan.

FACT: Even if your child is in high school, you can still take advantage of the tax benefits of a 529 Plan. Although saving early is more advantageous, it's never too late to start. The more you manage to save now, the less you will have to borrow later.

*An eligible institution is one that can participate in federal financial aid programs.

Before investing, carefully consider the plan's investment objectives, risks, charges and expenses. This information and more about the plan can be found in the Learning Quest Advisor Handbook, available by contacting American Century Investment Services, Inc, Distributor, at 1-800-579-2203, and should be read carefully before investing. If you are not a Kansas taxpayer, consider before investing whether your or the beneficiary's home state offers a 529 plan that provides its taxpayers with state tax and other benefits not available through this plan.

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The availability of tax or other benefits may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors.
As with any investment, withdrawal value may be more or less than original investment.
The earnings portion of non-qualified withdrawals is subject to federal and state income taxes and a 10% federal penalty.
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